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SUBJECT: COSTA RICAN LABOR UNIONS LOOK FOR WAYS TO COMBAT  
CAFTA-DR

REF: A. 04 SAN JOSE 2628

[B](#). SAN JOSE 1153

[C](#). SAN JOSE 944

[1](#)1. (SBU) Summary: Costa Rica's labor unions, flush from their earlier successes in intimidating President Abel Pacheco, recently fell back to earth when planned demonstrations against the Central American-U.S.-Dominican Republic Free Trade Agreement (CAFTA-DR) fizzled. Now, with possible adoption and implementation of the trade agreement looming, the somewhat-humbled unions are joining with their regional counterparts to redefine their message and mission. While not abandoning their vehement opposition to CAFTA-DR and free trade agreements in general, there are some indications that the unions are gradually coming to terms with the inevitable adoption of multiple free trade agreements, and are shaping their upcoming agenda to regain a legitimate, participatory role in determining Costa Rica's free trade policy. End Summary.

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FROM LIMELIGHT TO SEARCHLIGHT: LOOKING FOR LABOR'S ROLE  
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[1](#)2. (SBU) During President Abel Pacheco's term of office, none of his political adversaries have been more opportunistic or more successful at intimidating the President than the country's public sector labor unions. On numerous occasions, Pacheco has caved in to union demands in the face of large strikes, even in cases where courts had ruled the strikes illegal. With each political victory, union leaders felt their power increasing, and became bolder in their opposition to Pacheco's policies (Reftel A). Thanks to his charismatic leadership and constant media exposure, Albino Vargas, president of the National Association of Public and Private Employees (ANEP), became a minor celebrity. Thus, from the moment of its introduction, Vargas and other union leaders brashly denounced CAFTA-DR, contending that it would result in high unemployment, deterioration of public services, inflation and massive industry shifts, and would further exacerbate perceived labor abuses.

[1](#)3. (SBU) Despite acceptance of CAFTA-DR by the general public, labor leaders confidently promised Pacheco that they would muster thousands to protest should he present the agreement to the Legislative Assembly for debate. True to his history, and despite his initial support for the agreement, Pacheco immediately began to waver. Afraid of widespread strikes and mass demonstrations, Pacheco has for the past year looked for any opportunity to postpone sending CAFTA-DR to the legislative assembly for approval.

[1](#)4. (SBU) In April 2005, however, labor leaders went too far by targeting Oscar Arias, front-runner for president in next year's elections and an ardent CAFTA-DR supporter. In their anti-CAFTA-DR zeal, labor leaders stated that they would not recognize an Arias victory at the polls (Reftel B). This message did not resonate well a population proud of its democratic traditions, and ultimately backfired. The unionists latest attempt (in May) to flood the streets with angry marchers failed, with small, disheartened groups that disappeared at the first sign of rain (Reftel C). Recent polls show a majority of Costa Ricans support CAFTA-DR, and events have shown that those who don't support the deal have not been able to make good on their threats to "take it to the streets."

[1](#)5. (SBU) With U.S. Congressional approval of CAFTA-DR and increasing pressure on President Abel Pacheco to present the treaty for Costa Rican legislative consideration, Costa Rica's labor organizations are struggling to find a role to play in the debate. While the unions have never wavered in their opposition to CAFTA-DR, and continue to rail against it with every opportunity, the only person who appears to be really taking them seriously is President Pacheco. It is difficult to say whether declining opposition to CAFTA-DR is due to an on-going backlash at the demagoguery of certain labor leaders, media fatigue, or to a growing understanding of globalization and a desire not to be left behind. Whatever the reason, as their audience dwindles, the labor

organizations are struggling to regain their hold on the public's attention.

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MISERY LOVES COMPANY: CA LABOR UNIONS MEET, REFOCUS  
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15. (SBU) Given the context in which it was convened, many expected grand statements of solidarity to emerge from the July 12-13 conference of Central American labor leaders, organized by the Central American Common Labor Platform (PSCC) and held in San Jose. However, the only sign that such a meeting even occurred was a single article in national daily newspaper "Prensa Libre," which detailed plans for a Central American Labor Summit in October, with others to follow through the end of the year. Puzzled by the lack of public statements to emerge from the conference, Poloff contacted Edgar Morales, deputy secretary general of ANEP. According to Morales, the chief purpose of the July conference was simply to lay the groundwork for the October summit. He stated that the October meeting would include not just regional labor leaders, but industry and political invitees as well. While CAFTA-DR is an intended topic of discussion, Morales stated that the principal theme will be twenty years of unfair labor practices in all the Central American countries. Also on the agenda are free trade policies in general, workers' rights, and International Labor Organization (ILO) conventions and their implementation.

16. (SBU) Predictably, union leaders have responded to U.S. Congressional approval of CAFTA-DR with dismay and promises to continue fighting the good fight. In a conversation with Poloff, Rodrigo Aguilar, president of one of Costa Rica's largest labor organizations, the Rerum Novarum Workers' Confederation, expressed his hope that President Pacheco's "Commission of Eminent Persons" will recommend against implementation of CAFTA-DR. Aguilar believes that Pacheco will resist pressure to send the treaty to the legislature until after the commission has rendered a decision; Aguilar concedes, however, that no one has yet been able to accurately predict what Pacheco will do. According to Aguilar, leaders of all Costa Rica's major labor organizations will be convening on Tuesday, August 2, to discuss strategy, and will release details to the public sometime after August 3. Albino Vargas, head of ANEP, told the press that regardless of Congressional approval of CAFTA-DR, his organization would continue its fight against the treaty. Both Vargas and Aguilar reiterated their commitment to organize large demonstrations upon the agreement's presentation to the Legislative Assembly.

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COMMENT  
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17. (SBU) Now that the U.S. Congress has blessed CAFTA-DR, President Pacheco will be under increasing pressure to present it to the Legislative Assembly. Even if Pacheco decides not to act, the February 2006 elections will serve as a public referendum on CAFTA-DR, in which case the unions' successful intimidation of Pacheco could backfire on them. Oscar Arias has already signaled his intention to fight for adoption of CAFTA-DR, and if he wins convincingly, he will certainly follow through with his plan to present the treaty for legislative approval. With adoption and implementation growing more likely, the unions have to make a decision: continue to kick against the tide of globalization and free trade, or work constructively with the government to have a hand in equitable implementation.  
KAPLAN